## Message Text

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PAGE 01 BAGHDA 02111 031214Z ACTION NEA-10

INFO OCT-01 ISO-00 EB-08 /019 W

-----047812 040319Z /72

R 031002Z DEC 77

FM USINT BAGHDAD

TO SECSTATE WASHDC 5310

USDOC WASHDC

INFO AMEMBASSY ABU DHABI

AMEMBASSY AMMAN

AMEMBASSY BEIRUT POUCH

AMEMBASSY CAIRO

AMEMBASSY DAMASCUS

AMCONSUL DHAHRAN

AMEMBASSY DOHA

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY SANA

AMEMBASSY TEHRAN

AMEMBASSY TRIPOLI

## LIMITED OFFICIAL USE BAGHDAD 2111

E.O. 11652: N/A

TAGS: BEXP, BTIO, BGEN, AFSP, AMGT SUBJECT: FUTURE OF RTDO ATHENS

1. DURING BRIEFINGS AT STATE AND COMMERCE, USINT OFFICERS LEARNED THAT CURRENT PLANS CALL FOR THE CLOSURE OF RTDO ATHENS AND THE TERMINATION OF ITS OPERATIONS AT THE END OF FY 78. THIS WILL CLEARLY HAVE CONSIDERABLE IMPACT ON AMERICAN COMMERCIAL EFFORTS IN THE MIDDLE EAST, AND WE CAN APPRECIATE THAT THERE ARE PROBABLY NUMEROUS, COMPLICATED FACTORS OF WHICH WE ARE UNAWARE THAT COMPELLED USDOC TO REACH SUCH A DRAMATIC DECISION AT THIS PARTICULAR TIME.

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2. AS FAR AS WE KNOW, HOWEVER, NO COMMENTS ON THE PROPOSAL HAVE BEEN SOLICITED FROM THE POSTS THAT ARE BEING SUPPORTED BY THE RTDO, OR FROM THE RTDO'S BUSINESS CLIENTELE. WHILE THIS MAY BE BECAUSE THE TENOR OF SUCH COMMENTARY IS FULLY PREDICTABLE, USINT BELIEVES THAT WASHINGTON DECISION-MAKERS SHOULD HAVE ALL

THE PERTINENT INFORMATION AVAILABLE FOR THEIR USE. FOR THIS REASON, AND FOR THE RECORD, WE PROVIDE THE FOLLOWING INPUT ON THE PROPOSAL AS SEEN FROM HERE.

3. GIVEN THE NUMBER OF US COMPANIES WHICH COVER THE IRAQI MARKET THROUGH REGIONAL REPRESENTATIVES, USINT FINDS THAT THE RTDO FUNCTIONS AS AN INVALUABLE LIAISON TO THE LARGE AND GROWING US REGIONAL BUSINESS COMMUNITY HEADOUARTERED IN ATHENS. BECAUSE FEW US COMPANIES HAVE ANY SORT OF DIRECT REPRESENTATION IN BAGHDAD AND IRAOI LAWS ALSO DISCOURAGE FOREIGN FIRMS FROM USING LOCAL COMMISSION AGENTS TO TEND PENDING BUSINESS, THE RTDO FREQUENTLY SERVES AS A CONDUIT THROUGH WHICH US FIRMS FOLLOW DEVELOPMENTS CONCERNING MAJOR CONTRACTS AND PROJECTS IN IRAQ. USINT CITES, FOR EXAMPLE, THE PARTICULARLY USEFUL LIAISON WHICH THE RTDO HAS PROVIDED WITH GENERAL ELECTRIC, AN ACTIVE BIDDER ON SEVERAL IRAQI CONTRACTS INCLUDING ONE FOR SIXTY LOCOMOTIVES VALUED AT OVER FORTY MILLION DOLLARS. IN ADDITION, IRAQI TENDERING PRACTICES USUALLY ENTAIL SHORT DEADLINES. BECAUSE DOMESTIC AND WEST EUROPEAN OFFICES OF AMERICAN COMPANIES ARE FREQUENTLY TOO FAR AWAY AND TOO UNINFORMED ABOUT THE IRAQI SCENE TO RESPOND QUICKLY, THE RTDO'S DISSEMINATION OF TRADE OPPORTUNITIES IN ATHENS IN MANY CASES REPRESENTS THE BEST CHANCE TO REACH AN AMERICAN COMPANY WHO CAN TAKE ADVANTAGE OF THE INFORMATION. LIMITED OFFICIAL USE

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- 4. THOUGH THE ABOVE COMMENTS PERTAIN ONLY TO THE RTDO'S ROLE IN REGARD TO IRAQ, REGIONAL REPRESENTATIVES VISITING BAGHDAD HAVE PRAISED HIS FUNCTION IN REGARD TO THE AREA AS A WHOLE. WE NOTE THAT BECAUSE OF THE EXPERTISE THAT THE RTDO HAS DEVELOPED AND THE INFORMATION HE CAN MAKE AVAILABLE, VISITORS NOT BASED IN ATHENS HAVE NOW DEVELOPED THE PRACTICE OF STOPPING THERE ENROUTE TO BAGHDAD AND OTHER PARTS OF THE MIDDLE EAST.
- 5. THE FUNCTIONS PERFORMED BY THE RTDO WILL REMAIN OF CONSIDERABLE IMPORTANCE TO AMERICAN COMMERCIAL INTERESTS IN IRAQ FOR THE FORESEEABLE FUTURE. THE IMPACT OF THE CLOSURE IN THIS COUNTRY ALONE WILL PROBABLY FAR MORE THAN OFFSET WHATEVER MARGINAL SAVINGS USDOC FORESEES FROM THE TERMINATION. WE THEREFORE STRONGLY RECOMMEND RECONSIDERATION OF THE DECISION: RTDO ATHENS HAS BEEN PERFORMING AN IMPORTANT FUNCTION IN AN OUTSTANDING MANNER AND THERE ARE NO KNOWN ALTERNATIVES. PECK

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